

WATER/ABJ/HJL:jlj

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**WATER DIVISION
Water Branch**

**RESOLUTION NO. W-4386
April 3, 2003**

RESOLUTION

**(RES. W-4386), GREAT OAKS WATER COMPANY (GOWC).
ORDER AUTHORIZING A TEMPORARY SURCHARGE TO
RECOVER UNDER-COLLECTIONS IN ITS WATER
PRODUCTION AND PURCHASED POWER BALANCING
ACCOUNTS, PRODUCING AN INCREASE IN REVENUE OF
\$966,536 OR 4.85%.**

SUMMARY

By Advice Letter No. 155 filed on February 26, 2003, GOWC seeks revision of its tariff Schedule No. 1, General Metered Service, to add a surcharge of \$0.058/Ccf (One Ccf is equal to 100 hundred cubic feet) to provide an increase in revenues of \$966,536 amortized over a 36-month amortization period because the amount in the balancing account plus interest exceeds 10% of current income. This surcharge is designed to recover under-collections in its water production and purchased power balancing accounts accrued as of November 29, 2001. This increase is a result of increased costs for water production and purchased power occurring after GOWC's then-present rates became effective. The rate increase will not result in a rate of return greater than that authorized for GOWC.

BACKGROUND

GOWC serves approximately 20,150 metered services in south San Jose, Santa Clara County.

The present rate schedules became effective on December 7, 1999, pursuant to Advice Letter No. 148. The authorized rate of return on rate base is 10.56%. Recovery of the funds in the balancing account will not cause GOWC to over earn. The Commission has ordered utilities requesting recovery of existing balancing accounts prior to November 29, 2001, to file advice letters at this time.

DISCUSSION

Ordering Paragraph No. 2 of Decision No. 02-12-055 in Rulemaking No. 01-12-009, dated December 17, 2002, requires utilities requesting recovery of existing balancing accounts prior to November 29, 2001, to file advice letters within 90 days. In compliance with those orders, GOWC filed Advice Letter No. 155 requesting authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to offset the uncollected balances as of November 29, 2001, in its water production (\$788,473) and purchased power (\$121,617) balancing accounts, plus related interest of \$686 on power and \$55,760 on the pump tax totaling \$966,536.

GOWC proposes a temporary surcharge for a 36-month period to recover \$966,536 or 4.85%. During the amortization period, the proposed surcharge will raise the typical residential customer's monthly bill (with a 1-inch meter and using 15 Ccf/mo.) by \$0.90 or 4.01% from \$22.41 to \$23.31. The Water Division has reviewed the supporting workpapers submitted by GOWC.

NOTICE AND PROTESTS

Notice of the proposed rate increase was published in The San Jose Mercury News newspaper of general circulation on February 27, 2003, as evidenced by a Proof of Publication provided to the Water Division by the utility. There were no protests concerning the proposed increase.

FINDINGS

1. GOWC filed Advice Letter No. 155 to recover under-collections in its purchased power and purchased water balancing accounts as required in D.02-12-055.
2. Water Division has reviewed the advice letter and supporting workpapers and finds them reasonable.
3. The Commission finds, after investigation by the Water Division, that the changes hereby authorized are justified and the resulting rates are just and reasonable.

THEREFORE IT IS ORDERED THAT:

1. Great Oaks Water Company is authorized five days after the effective date herein, to make effective revised rate Schedule No. 1, General Metered Service, and to concurrently cancel the presently effective rate schedule.

April 3, 2003

2. Great Oaks Water Company is directed to keep maintaining its balancing accounts as required by Public Utilities Code Section 792.5.
3. This resolution is effective today.

I certify the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on April 3, 2003; the following Commissioners voting favorably thereon:

WILLIAM AHERN
Executive Director

MICHAEL R. PEEVEY
President

CARL W. WOOD
LORETTA M. LYNCH
GEOFFREY F. BROWN
SUSAN P. KENNEDY
Commissioners